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Head Office
4 Victoria Avenue
Kingston CSO
Tel.: (876)648-5652

August 15, 2023

Dear Shareholder:

RE: ANNUAL REPORT

I am pleased to provide the following documents for your information in respect of Lumber Depot Limited for the year ended April 30, 2023.

Enclosed are: Notice of the Meeting, Chairman's Statement, Financial Highlights, Directors' Report, Directors and Officers, Stockholding of Directors and Officers, Top Stockholders, Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow and Form of Proxy. The complete set of audited financial statements and accompanying notes are available to shareholders and the public on our website (www.lumberdepotjm.com) and the website of the Jamaica Stock Exchange (www.jamstockex.com).

We would respectfully ask that any shareholder who requires a printed copy of the financial statements please contact us at our registered office with his/her contact details and we will make a copy available by mail.

Yours truly:

A handwritten signature in black ink, appearing to read "Lisa Kong-Lee".

LISA KONG-LEE
Lumber Depot Limited
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

LUMBER DEPOT LIMITED

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Lumber Depot Limited (the “Company”) will be held at “The Somerset Suite” at Courtleigh Hotel and Suites, 85 Knutsford Boulevard, Kingston 10 on Friday October 20, 2023 at 4pm for shareholders to transact the business set out below and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive and consider the Directors’ Report, Auditors’ Report and Audited Financial Statements of the Company for the year ended April 30, 2023:

RESOLUTION:

“THAT the Directors’ Report, Auditors’ Reports and Audited Financial Statements of the Company for the year ended April 30, 2023, be and are hereby adopted.”

2. To fix the remuneration of the Auditors for 2023 or to determine the manner in which such remuneration is to be fixed:

RESOLUTION:

“THAT the remuneration of the Auditors, KPMG, having been fixed by the Directors for 2023, be and is hereby approved.”

3. To ratify interim dividends and declare them final:

RESOLUTION:

“THAT the interim dividend of 7.2 cents per stock unit on record date September 8, 2023 to be paid on September 25, 2023, be and is hereby ratified and declared final for 2022-23.”

4. To re-appoint the Auditors:

RESOLUTION:

“THAT the Auditors, KPMG, having indicated their willingness to continue in office, be and are hereby re-appointed for the year 2023-24.”

5. To elect Directors:

RESOLUTIONS:

“THAT Noel Dawes who retires by rotation, be and is hereby re-elected a Director of the Company.”

“THAT Vikram Dhiman who retires by rotation, be and is hereby re-elected a Director of the Company.”

6. To fix the remuneration of Directors:

RESOLUTION:

“THAT the amount shown in the Accounts for the year ended April 30, 2023, for Directors’ fees be and is hereby approved.”

7. Any Other Business.

Dated this 15th day of August 2023. By Order of the Board.



LISA KONG-LEE
Company Secretary

A form of proxy accompanies this Notice of Annual General Meeting. A shareholder who is entitled to attend and vote at the Annual General Meeting of the Company may appoint one or more persons to attend in his/her place. A proxy need not be a shareholder of the Company. All completed original proxy forms must be deposited together with the power of attorney or other document appointing the proxy at the registered office of the Company at least 48 hours before the Annual General Meeting.

CHAIRMAN'S STATEMENT

LUMBER DEPOT LIMITED

On behalf of the board of directors of Lumber Depot Limited, I am pleased to share with you the results of our operations for the year ended April 30, 2023. Lumber Depot generated net profits of \$145.2 million on revenues of \$1.5 billion. Our annualized return on equity continues to be strong and exceeds 20%. Importantly, the business is highly cash generative and earned cash from operations of over \$139.3 million and now retains cash and investments in excess of \$300 million.

Over the course of this financial year, our customer base reacted to uncertain economic conditions, including relatively high inflation, increasing interest rates, challenges with the availability of certain key hardware items. These conditions are now evident in the slow-down of the construction sector generally across Jamaica. Although our business remains strong and highly competitive, the prevailing economic circumstances have led to some softening in sales (down 3% relative to the prior year) and some compression in gross margins. As a result of these factors, net profit was down relative to the prior year net profit of \$183.9 million.

Lumber Depot operates a full-service hardware store in Papine that serves the needs of large and small-scale building contractors, as well as homeowners doing construction projects, renovations and repairs. The Lumber Depot business has been in operation for over 20 years and during this time has established a market leading position in the communities we directly serve and a strong reputation for excellent service and good value across the wider corporate area.

We consider our location in Papine to be an important part of our success. The facility in Papine is now owned by the company. Papine is a vibrant and fast-growing university community that also serves as a main access point to the St. Andrew hills. Our location is immediately within the most trafficked part of the community, is purpose built and well established. Over the course of the year, we improved the facility in Papine through investments in our buildings, parking and yard space, financial control systems and operating equipment.

We are pleased that despite the current challenges Lumber Depot continues to trade positively and to deliver strong results and, importantly, to maintain excellent service levels and customer endorsements. Our strategy is to consistently offer competitive prices on our products and to maintain our

service standards and inventory availability. During the year, we took specific measures to improve the flexibility and competitiveness of our procurement, and this included enhancements to our off-site storage facilities and efforts to expand our supply base while maintaining and supporting our most critical existing supply relationships. We have been generally successful with this and in turn this has improved our standing with key customers.

Over the year ahead, we will continue to judiciously manage our cash and inventory levels with a view to paying dividends and improving shareholder returns. Our board and management is completely committed to placing the business in a strong financial and management position to boldly seize and execute on expansion and acquisition opportunities that we expect to arise in Jamaica.

I thank our board, management and staff for their effective work in successfully managing through a challenging business environment to deliver strong results for shareholders.



JEFFREY HALL
Chairman

FINANCIAL HIGHLIGHTS

LUMBER DEPOT LIMITED

	2023	2022	2021	2020
	\$ '000	\$ '000	\$ '000	9 months \$ '000
BALANCE SHEET				
Total Assets	681,473	583,254	526,625	374,011
Net Current Assets (Working Capital)	295,340	187,774	178,445	78,747
Investments, Cash and Cash Equivalents	300,414	193,944	260,128	128,941
Stockholders' Equity	587,195	478,745	323,105	192,240
PROFIT AND LOSS				
Gross revenues	1,522,933	1,573,826	1,429,310	921,454
Profit attributable to stockholders	145,174	183,889	144,990	22,178
Dividends Paid	36,724	28,250	14,125	-
Earnings per stock unit J\$	\$ 0.21	\$ 0.26	\$ 0.21	\$ 0.03
FINANCIAL RATIOS				
Return on Sales	9.53%	11.68%	10.33%	4.14%
Return on Equity	24.72%	38.41%	44.87%	11.54%
Return on Total Assets	21.30%	31.53%	27.53%	5.93%
Debt : Equity Ratio	-	-	0.22%	0.55%
Current Ratio	4.13:1	2.80:1	2.29:1	1.79:1
Dividend Cover	3.95	6.51	10.26	-
MARKET STATISTICS				
Closing Stock Price J\$	\$ 2.43	\$ 3.57	\$ 2.88	\$ 1.13

DIRECTORS' REPORT

LUMBER DEPOT LIMITED

The Directors of Lumber Depot Limited are pleased to present their report for the year ended April 30, 2023.

FINANCIAL RESULTS

The Statement of Profit or Loss and Other Comprehensive Income shows pre-tax profit of \$145 million from \$1.5 billion in revenue.

DIVIDENDS

An interim dividend of 5.2 cents per stock unit on record date September 30, 2022, was paid to stockholders on October 14, 2022 for the financial year ended April 30, 2022.

An interim dividend of 7.2 cents per stock unit on record date September 8, 2023 will be paid to stockholders on September 25, 2023 for the financial year ended April 30, 2023.

The Directors recommend that this interim dividend be ratified and declared as final and that no further dividend be paid in respect of the year under review.

DIRECTORS

The Directors of Lumber Depot Limited as at April 30, 2023 were: Jeffrey Hall, Noel Dawes, Vikram Dhiman, George Overton, Lisa Kong-Lee, Paul B. Scott and Melanie Subratie.

Noel Dawes retires by rotation and being eligible, offers himself for re-election in accordance with the Articles of Incorporation.

Vikram Dhiman retires by rotation and being eligible, offers himself for re-election in accordance with the Articles of Incorporation.

AUDITORS

The Auditors, KPMG, Chartered Accountants, 6 Duke Street, Kingston, Jamaica have expressed their willingness to continue in office.

On behalf of the Board of Directors,



JEFFREY HALL
Chairman
August 15, 2023

DIRECTORS & OFFICERS

LUMBER DEPOT LIMITED



JEFFREY HALL

CD, BA, MPP, JD

Chairman and Mentor

Jeffrey Hall, C.D. is the Chief Executive Officer of Pan Jamaica Group Limited and sits on the Board of Directors as Executive Vice Chairman. Mr. Hall continues to hold the position of Group Managing Director of Jamaica Producers Group and has been a member of the Board since 2004. He is also the Chairman of Blue Power Group Limited and Kingston Wharves Limited, as well as a member of the Board of Directors of several companies, including Sagicor Group Jamaica Limited, Sagicor Bank Jamaica Limited, Sagicor Investments Jamaica Limited, Sagicor Life Jamaica Limited, SAJE Logistics Infrastructure Limited and Eppley Caribbean Property Fund Limited SCC. He has practiced as an Attorney-at-Law and has served as a Director of the Jamaica Stock Exchange and the Bank of Jamaica.

Mr. Hall is a graduate of the Harvard Law School; and holds a Master of Public Policy from Harvard University, USA. He also earned a Bachelor of Arts (BA) degree in Economics from Washington University, USA.



MAJOR (RET'D) NOEL DAWES

Dip. Mgmt.

Managing Director

Major Noel Dawes (Ret'd) is the Managing Director of the Company and also serves as a Director of Blue Power Group Limited. He has been a member of the Hardware Business' executive team since it commenced operations at the Papine location in November 1999.

Prior to joining the Hardware Business Major Dawes served as a commissioned officer in the Jamaica Defence Force for over 10 years. In that capacity he trained at various military institutions in Canada, the United States, and the United Kingdom.

Besides his military qualifications Major Dawes holds a Diploma in Management from the Jamaica Institute of Management.



VIKRAM DHIMAN

BSc, CA, CPA, MBA

Independent Non-Executive Director

Vikram Dhiman is the Chief Operating Officer of ICD Group Holdings Limited. He has worked in several countries in multiple sectors and as a strategy consultant to several Fortune 500 companies. Vikram's experience includes managing large businesses, startups, mergers, acquisitions, divestments, and the development of strategy and leading of change programmes for companies and organisations that he has worked with.

Vikram mentors young men and women and has been responsible for developing the National Junior Golf programme for the Jamaica Golf Association and raising funds for the development of squash and golf in Jamaica.

DIRECTORS & OFFICERS

LUMBER DEPOT LIMITED



LISA KONG-LEE

Level 2 ACCA, Dip. BA

Non-Executive Director and
Company Secretary

Lisa Kong-Lee is the Company Secretary and Financial Controller of Lumber Depot Limited. She was appointed Executive Director of Blue Power Group Limited effective June 1, 2022, after previously having the role of General Manager. She joined Blue Power Group Limited in August 2001.

Mrs. Kong-Lee has also been the Financial Controller at Caribbean Casting and Engineering Ltd, Delta Supply Company, Automotive Power Limited, Silver Sands Estate and held accountancy roles at Neal and Massy Jamaica Limited and KPMG.



LIEUTENANT COMMANDER (RET'D) GEORGE OVERTON JP

Independent Non-Executive Director

Lt. Cdr. George Overton (Ret'd) represents the Guardsman Group at the Private Sector Organisation of Jamaica (PSOJ) where he chairs the Standing Committee on National Security and Justice. He also represents the PSOJ on the National Council of Justice. He is the Immediate Past President of the St. Andrew Justices of the Peace Association.

For the past eight years, he has served as the president of the Jamaica Society for Industrial Security (JSIS) and is currently the second vice-president of the St. Andrew Justices of the Peace Association.

He served the country as a naval officer where he developed his skills as a security consultant and received training at the Britannia Naval College and U.S. Naval War College.



PAUL B. SCOTT

CD

Independent Non-Executive Director

Paul B. Scott is the Chairman, Chief Executive Officer and principal shareholder of the Musson Group. His chairmanship extends to Musson's subsidiaries and affiliates; namely Facey Group Ltd, T. Geddes Grant (Distributors) Ltd., General Accident Insurance Company Ltd., Seprod Ltd. and PBS Group Ltd.

In addition to his responsibilities at Musson, he serves on several boards and commissions which include being Chairman of the Development Bank of Jamaica. He is a former President of the Private Sector Organization of Jamaica.

DIRECTORS & OFFICERS

LUMBER DEPOT LIMITED



MELANIE SUBRATIE

BSc (Hons.)

Independent Non-Executive Director

Melanie Subratie is the Deputy Chairman of Musson (Jamaica) Limited and is the Chairman and CEO of Stanley Motta Limited and Felton Property Management. Additionally, she is the Executive Chairman of the Musson Foundation and the Seprod Foundation. Melanie is the Vice-Chairman of General Accident Insurance Company Limited and T. Geddes Grant Limited, a director of Facey Group, Interlinc Limited, Eppley Limited, Eppley Caribbean Property Fund, PBS Group and all its subsidiaries, and Seprod Limited and all its subsidiaries.

Mrs. Subratie is Chairman of the Audit Committees for Seprod Limited, Interlinc Limited, and PBS Group. A keen angel investor, she is a director of First Angels, and a director of Bookfusion Limited. She is the First Vice President of the Jamaica Chamber of Commerce.

Mrs. Subratie is a graduate of the London School of Economics.

DIRECTORS AND CONNECTED PARTIES REPORT

LUMBER DEPOT LIMITED

APRIL 30, 2023

TOTAL SHARES OUTSTANDING: 706,237,500

DIRECTORS AND CONNECTED PARTIES REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
NOEL DAWES*	SELF	16,627,150	2.3543
VIKRAM DHIMAN	SELF	100,000	0.0142
LISA KONG	SELF	100,000	0.0142
GEORGE OVERTON	SELF	100,000	0.0142
JEFFREY HALL (SWEE TEEN CHUA)***	SELF	0	0.0000
PAUL SCOTT****	SELF	0	0.0000
MELANIE SUBRATIE****	SELF	0	0.0000
KAREL DAWES*	CONNECTED PARTY	38,070	0.0054

TOP 10 SHAREHOLDERS

PRIMARY HOLDER (JOINT HOLDER)	UNITS	PERCENTAGE
STONY HILL CAPITAL LIMITED****	116,189,064	16.4518
BLUE POWER GROUP LIMITED***	116,189,064	16.4518
J KENNETH BENJAMIN & SHEILA BENJAMIN	59,954,650	8.4893
PAM- POOLED EQUITY FUND	37,801,854	5.3526
MARY J. FRAY	30,954,000	4.3829
JN FUND MANAGERS LIMITED	23,919,341	3.3869
NOEL DAWES	16,627,150	2.3543
QWI INVESTMENTS LTD	15,283,269	2.1640
JPS EMPLOYEES SUPERAN. FUND		
- PRIME ASSET MANAGEMENT	10,102,288	1.4304
THE MAYBERRY FOUNDATION	10,000,000	1.4160
TOTAL UNITS OWNED BY TOP 10	437,020,680	61.8801

LUMBER DEPOT LIMITED


Statement of Financial Position
As at April 30, 2023

	<u>Notes</u>	<u>2023</u> \$	<u>2022</u> \$
NON-CURRENT ASSETS			
Property, plant and equipment	4	175,884,128	179,835,007
Investments	5	<u>115,970,905</u>	<u>111,135,448</u>
		<u>291,855,033</u>	<u>290,970,455</u>
CURRENT ASSETS			
Cash and cash equivalents	6	184,442,791	82,808,589
Accounts receivable and prepayments	7	43,747,201	39,800,066
Inventories	8	158,869,582	167,852,845
Taxation recoverable		<u>2,558,501</u>	<u>1,821,875</u>
		<u>389,618,075</u>	<u>292,283,375</u>
CURRENT LIABILITIES			
Accounts payable	9	<u>94,278,351</u>	<u>104,509,070</u>
NET CURRENT ASSETS			
		<u>295,339,724</u>	<u>187,774,305</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>587,194,757</u>	<u>478,744,760</u>
EQUITY			
Share capital	11	170,061,991	170,061,991
Retained earnings		<u>417,132,766</u>	<u>308,682,769</u>
		<u>587,194,757</u>	<u>478,744,760</u>
TOTAL EQUITY			
		<u>587,194,757</u>	<u>478,744,760</u>

The financial statements on pages 7 to 41 were approved for issue by the Board of Directors on June 29, 2023 and signed on its behalf by:



Noel Dawes Director



Vikram Dhiman Director

The accompanying notes form an integral part of the financial statements.

LUMBER DEPOT LIMITED

Statement of Profit or Loss and Other Comprehensive Income
For the year ended April 30, 2023

	<u>Notes</u>	<u>2023</u> \$	<u>2022</u> \$
Revenue	12	1,522,932,620	1,573,825,502
Cost of sales	13	<u>(1,232,117,086)</u>	<u>(1,233,511,236)</u>
Gross profit		290,815,534	340,314,266
Impairment losses on trade receivables reversed	7	3,191,391	2,588,044
Impairment losses on investment and cash and cash equivalent, net	20(b)	15,903	844,263
Administrative and other expenses	14	<u>(153,086,606)</u>	<u>(165,374,290)</u>
		140,936,222	178,372,283
Other income	15	<u>8,274,454</u>	<u>12,771,189</u>
Profit before net finance income and taxation		149,210,676	191,143,472
Finance income	16	4,535,945	3,145,381
Finance costs	16	<u>(8,572,275)</u>	<u>(10,399,974)</u>
Net finance costs	16	<u>(4,036,330)</u>	<u>(7,254,593)</u>
Profit before taxation		145,174,346	183,888,879
Taxation	17	<u>-</u>	<u>-</u>
Profit for the period attributable to members, being total comprehensive income		<u>145,174,346</u>	<u>183,888,879</u>
Earnings per stock unit	19	<u>0.21</u>	<u>0.26</u>

The accompanying notes form an integral part of the financial statements.

LUMBER DEPOT LIMITED

Statement of Changes in Equity
For the year ended April 30, 2023

	<u>Share capital</u> \$ (note 11)	<u>Retained earnings</u> \$	<u>Total</u> \$
Balances at April 30, 2021	170,061,991	153,043,390	323,105,381
Profit for the period, being total comprehensive income	-	183,888,879	183,888,879
Dividends paid (note 11c)	<u>-</u>	(28,249,500)	(28,249,500)
Balances at April 30, 2022	<u>170,061,991</u>	<u>308,682,769</u>	<u>478,744,760</u>
Profit for the period, being total comprehensive income		145,174,346	145,174,346
Dividends paid (note 11c)	<u>-</u>	(36,724,349)	(36,724,349)
Balances at April 30, 2023	<u>170,061,991</u>	<u>417,132,766</u>	<u>587,194,757</u>

The accompanying notes form an integral part of the financial statements.

LUMBER DEPOT LIMITED

Statement of Cash flow
For the year ended April 30, 2023

	<u>Notes</u>	<u>2023</u> \$	<u>2022</u> \$ Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		145,174,346	183,888,879
Adjustments for:			
Depreciation	4	7,738,455	10,544,609
Adjustment to property, plant and equipment	4	-	(3,985)
Interest income	16	(3,336,937)	(3,145,381)
Interest expense		-	1,064,497
Unrealised exchange gains		(193,149)	-
Appreciation on investments in mutual funds	15	(4,642,308)	(2,214,820)*
Loss on disposal of property, plant and equipment		<u>128,333</u>	<u>-</u>
Cash generated before changes in working capital		144,868,740	190,133,799
Accounts receivable and prepayments		(3,556,868)	2,559,575
Inventories		8,983,263	(36,254,156)
Accounts payable		(10,230,719)	(26,409,209)
Taxation recoverable		<u>(736,626)</u>	<u>(1,019,283)</u>
Cash provided by operations		139,327,790	129,010,726
Interest paid		<u>-</u>	<u>(1,064,497)</u>
Net cash provided by operating activities		139,327,790	127,946,229
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(3,915,909)	(165,935,268)
Proceeds from sale of investments		-	49,254,610*
Purchase of investments		-	(40,708,887)*
Interest received		<u>2,946,670</u>	<u>3,016,577</u>
Net cash used by investing activities		<u>(969,239)</u>	<u>(154,372,968)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(36,724,349)	(28,249,500)
Lease liability		<u>-</u>	<u>(5,177,090)</u>
Net cash used by financing activities		<u>(36,724,349)</u>	<u>(33,426,590)</u>
Net increase/(decrease) in cash and cash equivalents		101,634,202	(59,853,329)
Cash and cash equivalents at beginning of period		<u>82,808,589</u>	<u>142,661,918</u>
Cash and cash equivalents at end of period		<u>184,442,791</u>	<u>82,808,589</u>

*Restated see note 21

The accompanying notes form an integral part of the financial statements.

LUMBER DEPOT LIMITED (THE COMPANY) - FORM OF PROXY

I/We ----- (insert name)

of ----- (address)

being a shareholder /shareholders of the above-named Company, hereby appoint:

----- (proxy name)

of ----- (address)

or failing him ----- (alternate proxy name)

of ----- (address)

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 4 pm on Friday October 20, 2023 at "The Somerset Suite", Courtleigh Hotel and Suites, 85 Knutsford Boulevard, Kingston 10, and any adjournment thereof, I desire this form to be used for/against the resolutions as follows:

	YES	NO
1. "THAT the Directors' Report, Auditors' Report and Audited Financial Statements of the Company and the Group for the year ended April 30, 2023, be and are hereby adopted."		
2. "THAT the remuneration of the Auditors, KPMG, having been fixed by the Directors for 2022-23, be and is hereby approved."		
3. "THAT the interim dividend of 7.2 cents per stock unit on record date September 8, 2023, to be paid on September 25, 2023, be and is hereby ratified and declared final for 2022-23."		
4. "THAT the Auditors, KPMG, having indicated their willingness to continue in office, be and are hereby re-appointed for the year 2023-24."		
5. a) "THAT Noel Dawes who retires by rotation, be and is hereby re-elected a Director of the Company."		
5. b) "THAT Vikram Dhiman who retires by rotation, be and is hereby elected a Director of the Company."		
6. "THAT the amount shown in the Accounts for the year ended April 30, 2023, for Directors' fees be and is hereby approved."		

Unless otherwise directed the proxy will vote as he thinks fit.

Signed this _____ day _____ 2023

Signature of Shareholder